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*Counsel to Liberty Mutual Insurance Company*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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<b>In re:</b>	<b>: Chapter 11</b>
	<b>: </b>
<b>LEXINGTON PRECISION CORP., <u>et al.</u>,</b>	<b>: Case No. 08-11153 (MG)</b>
	<b>: </b>
<b>Debtors.</b>	<b>: (Jointly Administered)</b>
	<b>: </b>
-----X	

**SUPPLEMENT TO LIBERTY MUTUAL INSURANCE COMPANY'S  
OBJECTION TO PREPETITION SECURED LENDERS'  
MOTION TO APPROVE THE PROPOSED DISCLOSURE STATEMENT**

On October 1, 2001 Liberty Mutual Insurance Company ("Liberty Mutual") filed an objection (the "Liberty Mutual Objection") [Dkt. No. 738] to the Prepetition Secured Lenders' Motion [Dkt. No. 698] to Approve the Proposed Disclosure Statement (the "Secured Lenders' Disclosure Statement") [Dkt. No. 695].

As of December 16, 2009, the prepetition Secured Lenders appear to have become co-proponents of a new plan and disclosure statement. See Dkt. No. 798 entitled "Proposed Joint

Chapter 11 Plan of Official Committee of Unsecured Creditors, Capital Source Finance LLC and CSE Mortgage LLC (the “Proposed Joint Chapter 11 Plan”). See also Dkt. No. 799 [Proposed Disclosure Statement].

However, the initial Prepetition Secured Lenders’ Chapter 11 Plan (the “Initial Lenders’ LPC Plan”) as to Lexington Precision Corporation (“LPC”) [Dkt. No. 696, filed on 9/1/2009] and the motion seeking approval of the Secured Lenders Disclosure Statement relating to the Initial Lenders’ LPC Plan [Dkt. No. 698, filed on 9/1/2009] do not appear to have been formally withdrawn.

The Initial Lenders’ LPC Plan [Dkt. No. 698] is different from the other plans, including the new Proposed Joint Chapter 11 Plan [Dkt. No. 798], that have been proposed in that it is a liquidating plan. As such, it raises issues, not present in the other proposed plans, as to preservation of Liberty Mutual’s rights as an insurer. To deal with these issues, Liberty Mutual and the Prepetition Secured Lenders, through counsel -- prior to the filing of the new Proposed Joint Chapter 11 Plan -- agreed on certain language which would be included in the Initial Lenders’ LPC Plan, on which basis the Liberty Mutual Objection [Dkt. No. 738] would be withdrawn. That language is attached hereto, as Exhibit A.

### **CONCLUSION**

For the reasons stated, in the event that the Prepetition Secured Lenders’ choose to proceed with (and not withdraw) their Motion to Approve the Proposed Disclosure Statement [Dkt. No. 698, filed on 9/1/2009], relating to the Initial Prepetition Secured Lenders’ Chapter 11 Plan [Dkt. No. 696], Liberty Mutual requests that the Court deny the Motion unless the Prepetition Secured Lenders amend their Initial Plan [Dkt. No. 696] and the Disclosure Statement relating thereto [Dkt. No. 695], to substitute the language in Exhibit A for the pre-existing language of Section 8.6 thereof.

Dated: January 4, 2010  
New York, New York

Respectfully submitted,  
SONNENSCHN NATH & ROSENTHAL LLP

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